New Sustainability Goals Announced
In 2016, UPS developed a new set of enterprise-wide sustainability goals, informed by the findings of our 2016 materiality assessment, our enterprise strategy, stakeholder feedback, and global sustainability frameworks. Many of our previous goals had a target date of 2016, and we saw an opportunity to set new goals around topics most important to the environment, our workforce, and UPS communities around the world. These new goals reinforce our commitment to create innovative solutions for global sustainability challenges.

Environmental Goals
- Reduce absolute greenhouse gas (GHG) emissions 12% by 2025 (2015 baseline) throughout global ground operations. We used the science-based methodology to develop a goal most appropriate for our business. This goal builds on our ongoing efforts to achieve a 20% reduction in GHG intensity by 2020, which we will continue to measure and report.
- By 2025, 40% of fuel used in our ground fleet will be from sources other than conventional gasoline and diesel, more than double our 2016 use of 19.6%.
- By 2025, 25% of total electricity used will come from renewable sources, a significant increase from less than 1% in 2016.
- By 2020, 25% of vehicles purchased will be alternative fuel or advanced technology vehicles, up from 16% in 2016.

Community Goals
- Donate $127 million in charitable contributions in 2020, an increase from $116.6 million in 2016. This includes sponsorships, corporate grants, in-kind services, scholarship programs, local grants, and active and retired employee contributions.
- Reach 20 million volunteer hours by the end of 2020 (2011 baseline). We logged 2.7 million volunteer hours in 2016, and have contributed 12.7 million hours since 2011.
- Plant 15 million trees by the end of 2020 (2012 baseline) through the UPS Global Forestry Initiative. We planted 1.9 million trees in 2016, and have planted 7.1 million trees since 2012.

Workforce Goals
- Improve employee engagement and measure the effectiveness of our human capital strategy. We track this through our Employee Engagement Index (EEI), which we aim to improve by 2%, to 78% favorable responses by 2020 (from 76% in 2016).
- Maintain our industry-leading performance around employee health, safety, and wellness.
  - By 2020, reduce lost-time injury frequency from 1.82 to 1.80 occurrences per 200,000 hours worked (a 1% improvement over 2016).
  - By 2020, reduce auto accident frequency from 9.04 to 8.75 vehicle accidents per 100,000 driver hours (a 3% improvement over 2016).

Fleet Innovations
- In 2016, we continued to invest in our “Rolling Laboratory,” adding 1,250 vehicles to test and deploy alternative fuel and technology solutions. This specialized fleet comprises more than 8,100 vehicles worldwide (at year end 2016), spanning a wide range of technologies, including
electric, hybrid electric, hydraulic hybrid, compressed natural gas (CNG), liquefied natural gas (LNG), propane, and electrically-assisted bicycles.

- In August 2016, one year earlier than planned, we reached our goal of driving 1 billion miles in this fleet, which now drives 1 million miles every business day.
- UPS continued this industry leadership by using more than 97 million gallons of low-carbon fuels in our ground fleet, representing 19.6% of total ground-fleet fuel purchased.
- During 2016, we added 11 new CNG refueling stations in cities throughout the U.S. and now have 44 CNG and LNG stations in 21 states. This infrastructure enables us to drive more than five million miles each week in our natural gas fleet.

**Technology Advancements**

- In 2016, UPS began testing the potential of drones to deliver urgently needed supplies to remote areas. The UPS Foundation; Zipline, a drone technology startup; and Gavi, the Vaccine Alliance collaborated on a pilot project for medical supply delivery in Rwanda. The project’s drones put lifesaving blood, vaccines and medications within reach of more than 6 million people—half of the country’s population.
- To reduce congestion and emissions, we have continued to expand the UPS Access Point™ network and UPS My Choice®. These solutions help reduce missed delivery attempts and increase convenience for consumers. At the end of 2016, the Access Point network included more than 26,000 locations worldwide and UPS My Choice numbered more than 30 million members.

**Emissions Reductions**

- In 2016, we achieved a 16.6% reduction in our carbon intensity versus a 2007 baseline as a result of successfully executing GHG reduction strategies in our ground and air fleets. Despite strong volume growth during the year, we held total GHG emissions in 2016 to a 1.9% increase over 2015.
- We announced a plan to invest $18 million in on-site solar at eight U.S. facilities, which will expand our solar generating capacity by almost 10 megawatts — a nearly five-fold increase.
- Since 2005, we have realized a 10% improvement in carbon intensity at UPS Airlines. Total air volume has increased 36%, and we have held emissions to a 21% increase over this time period.

**Route Optimization**

- 100% of U.S. routes identified for initial deployment of ORION – On Road Integrated Optimization and Navigation – are now equipped with this proprietary route-optimization software. Since deployment began in 2013, we have reduced the distance driven by our drivers by 210 million miles, reduced CO2 emissions by 210,000 metric tonnes, and realized cost savings of $400 million. Moving forward, we expect to see annual reductions of 100 million miles and 100,000 metric tonnes in CO2 emissions.
- In 2016, total stops in our U.S. domestic package segment increased by 4.4% due to increased volume. Through route optimization and other efficiencies, we held delivery miles driven to a 0.6% increase. As a result, stops per mile improved to 1.56, from 1.51 in 2015. While this improvement may seem insignificant, it enabled us to avoid driving more than 47 million miles, thereby eliminating 5.3 million gallons of fuel use and 50,000 metric tonnes of CO2.
Social and Philanthropic

- In 2016, UPS donated $116.6 million in charitable contributions, up from $110 million in 2015.
- UPSers and their families and friends contributed 2.7 million volunteer hours, which had an economic value of $70.2 million, based on the U.S. Bureau of Labor Statistics’ valuation of volunteer time.
- We continued our legacy of responding to communities during times of need, providing 468 ground, ocean, and air humanitarian aid shipments across 53 countries. We played a major role in response efforts following a devastating earthquake in Ecuador, in the aftermath of Hurricane Matthew in Haiti, in communities affected by flooding in the southeastern United States, and in communities impacted by the water crises in Michigan and West Virginia.
- UPS celebrated the 10-year anniversary of our Women’s Leadership Development (WLD) Business Resource Group, which has expanded to 65 chapters in more than 30 countries to support development of female leaders at UPS.

Reporting and Recognition

- This is UPS’s 15th annual Corporate Sustainability Report.
- Staying at the forefront of sustainability reporting best practices, UPS has become a member of the Global Reporting Initiative (GRI) Standards Pioneer program. Standards Pioneers are companies that have joined with GRI to support the transition from G4 to the GRI Standards, the latest reporting framework.
- UPS performed our global corporate materiality assessment in 2016, integrating the results of the regional assessments we conducted in 2015. We are using the key findings from the 2016 materiality assessment to further refine our global sustainability and reporting strategy.
- UPS was selected as a constituent of the Dow Jones Sustainability World Index for the fourth consecutive year and was included on the North America index for the 12th consecutive year.
- UPS was recognized at the Leadership level of the 2016 CDP Climate Performance Review.
- In 2016, the U.S. Environmental Protection Agency (EPA) presented UPS with the SmartWay Excellence award which recognizes outstanding environmental performance and leadership.